

## Message Text

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PAGE 01 LUSAKA 00063 101405Z  
ACTION AF-10

INFO OCT-01 ARA-10 EA-10 ISO-00 AID-05 CIAE-00 COME-00  
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00  
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 INT-05  
NSC-05 SS-15 STR-05 CEA-01 GSA-02 /106 W  
-----105962 101415Z /47

R 101314Z JAN 78  
FM AMEMBASSY LUSAKA  
TO SECSTATE WASHDC 7377  
INFO AMEMBASSY JAKARTA  
AMEMBASSY KINSHASA  
AMEMBASSY SANTIAGO

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E.O. 11652: N/A  
TAGS: EMIN ECON ZA  
SUBJ: KAUNDA RECOGNIZES NEED TO CUT COPPER PRODUCTION

1. SPEAKING AT A FAREWELL BREAKFAST FOR OUTGOING INDONESIAN  
AMBASSADOR JANUARY 9, PRESIDENT KAUNDA SAID THAT ZAMBIA  
WOULD HAVE TO CUT BACK PRODUCTION OF COPPER IN ORDER TO  
ATTEMPT TO STABILIZE WORLD PRICES OF THE METAL. KAUNDA SAID,  
"UNLESS WE DO THIS, I DO NOT SEE ANY HOPE OF THE COPPER  
PRICES IMPROVING." POINTING OUT THAT THERE CURRENTLY WERE  
A "MILLION TONS" OF COPPER FLOATING ON THE WORLD MARKET,  
THE PRESIDENT SAID THAT ACTION MUST BE TAKEN IN ORDER TO  
PROP UP THE PRICE.

2. MINISTER OF MINES GENERAL KINGSLEY CHINKULI IN A TELE-  
VISION INTERVIEW JANUARY 8 ADDRESSED THE SAME PROBLEM. HE  
SAID THAT MINING HAS A BRIGHT FUTURE IN ZAMBIA DESPITE THE  
CURRENT DEPRESSED PRICE OF COPPER, THE NATION'S MAJOR  
FOREIGN EXCHANGE EARNER. CHINKULI SAID OTHER MINERALS ARE  
BEING FOUND, BUT FOR THE NEAR FUTURE, HOWEVER, COPPER RE-  
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PAGE 02 LUSAKA 00063 101405Z

MAINED THE KEY TO ZAMBIA'S ECONOMY. HE PREDICTED THAT 1978  
WILL BE ANOTHER TOUGH YEAR BUT THAT COPPER DEMAND WOULD  
EVENTUALLY PICK UP. AS LONG AS THE RECOVERY REMAINED SLOW,  
ZAMBIA SHOULD NOT STOCKPILE COPPER, BUT RATHER SHOULD LEAVE  
IT IN THE GROUND. AS AN EXAMPLE OF CURRENT DIFFICULTIES,  
CHINKULI POINTED OUT THAT THE LARGE LUANSHYA MINE WAS PRO-  
DUCING AT A LOSS RANGING FROM \$250 TO 875 A TON. THE ONLY

WAY TO OVERCOME THIS WAS TO CUT BACK PRODUCTION. THE MINISTER SAID ZAMBIA STOOD BY ITS PROPOSAL AT THE CIPEC MEETING IN JAKARTA THAT COPPER PRODUCTION BE REDUCED BY 15 PERCENT.

4. COMMENT: THESE ARE STRAWS IN THE WIND INDICATING THAT ZAMBIA JUST MIGHT BE PREPARED TO BITE THE BULLET AND CLOSE SOME MINES AND CUT BACK PRODUCTIONS IN OTHERS. KAUNDA OVER THE NEW YEAR'S HOLIDAY SAID THAT MINES MIGHT HAVE TO BE CLOSED, BUT THE CONSEQUENT DISLOCATION OF THE MINERS WOULD BE TAKEN INTO ACCOUNT. CHINKULI ECHOED THIS IN HIS INTERVIEW, AND SOMEWHAT OPTIMISTICALLY SAID THAT "WE WILL BE ABLE TO SHIFT ALL THE WORKERS TO A NEW MINE." BE THAT AS IT MAY, CUTBACKS IN THE INDUSTRY WHICH IS ZAMBIA'S LARGEST EMPLOYER WILL HAVE TO BE HANDLED GINGERLY IN ORDER TO MINIMIZE THE ECONOMIC DISLOCATION AND POLITICAL REPERCUSSIONS, ESPECIALLY IN WHAT IS TO BE AN ELECTION YEAR.  
CLINGERMAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COPPER, PRODUCTION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978LUSAKA00063  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780014-0960  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** KAUNDA RECOGNIZES NEED TO CUT COPPER PRODUCTION  
**TAGS:** EMIN, ECON, ZA  
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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014